

Chapter 17

Funding and Financing

As described in Chapter 3, Administration, Clark County's solid waste system involves an intricate combination of public and private companies and agencies. Private industry owns and operates the county's solid waste transfer and disposal operations and virtually all of the collection operations in the county. Clark County's role is to plan and manage the regional system, including implementing programs for waste recycling, waste prevention, toxicity reduction and management of household hazardous waste. The County also oversees post-closure and cleanup activities at former disposal sites. The seven cities have various roles, related primarily to waste collection within their boundaries (see Table 3-2 on page 3 of Chapter 3).

This chapter describes funding and financing supporting solid waste management programs in the county. It notes the sources of funding for both public and private sector programs, and provides details on the Clark County Solid Waste Program's revenues and expenditures.

Legislation

Rates - Counties

Under RCW 36.58.040, counties have full jurisdiction to construct, purchase or contract for the development of solid waste handling systems or facilities, and to establish the rates and charges. Counties may also award contracts for solid waste handling that include county fees.

Under RCW 36.58.045, Counties may levy fees on the collection of solid waste in unincorporated areas of the county, to fund administration and planning expenses.

Under RCW 36.58.100-150, counties may establish solid waste disposal districts, which are independent taxing authorities, and may collect disposal fees based on weight or volume of materials received. The district may issue general obligation bonds for capital purposes and may issue revenue bonds for other activities. The district may fund its operation through excise taxes. The disposal district may not include a city or town without the consent of the city council.

Under RCW 36.58A, Solid Waste Collection Districts, counties may establish a district within the County in which solid waste collection service is mandatory. A collection district may not include a city or town without the consent of the city council.

Rates - Cities

Under RCW 35.21.130, Cities may require property owners and occupants to use the solid waste collection and disposal system, including recycling systems and may set rates.

Under RCW 35.21.152, cities have full jurisdiction to construct or purchase or contract for the development of solid waste handling systems or facilities, and to establish the rates and charges.

Rates – State

Under RCW 81.77.030, The Washington Utilities and Transportation Commission (WUTC) sets collection rates for haulers who are certificated by the WUTC. WUTC is to set rate structures consistent with the state's solid waste management priorities in RCW 70.95 and also consistent with minimum levels of collection and recycling services pursuant to county solid waste management plans.

Under RCW 81.77.080 and 110, solid waste collection companies certificated by the WUTC must pay an annual fee of 1% of gross operating revenue to pay for the costs of regulating the haulers. Currently this fee is set at .5%.

Solid waste facility permit fees

Under RCW 70.95.180, Health District boards may collect permit fees on solid waste facility permits.

Grants

RCW 82.21.030 imposes a 0.7% tax ("Toxics Tax") on production of petroleum products, pesticides and certain chemicals. RCW 70.105D, the Model Toxics Control Act (MTCA), directs a portion of the revenues from this tax into the Local Toxics Control Account (LTCA). The LTCA is to be used for grants or loans to local governments for remedial actions and solid and hazardous waste planning and implementation. MTCA directs the funds to be allocated consistent with state priorities including those in RCW 70.95, the Waste Not Washington Act.

RCW 70.93, the Waste Reduction, Recycling and Model Litter Control Act, authorizes Ecology to promote and stimulate recycling, encourage litter abatement, and provide employment in litter cleanup and related activities for the state's youth. Funding generated from a tax (the "Litter Tax") on products such as fast-food containers supports these activities and also a grant program for litter clean-up in and by local communities.

Existing Conditions

Table 17-1 outlines the funding sources for various solid waste activities in the county. Table 17-2 shows solid waste revenue sources and areas of expenditures for local and government agencies. As these tables show, no property taxes are used to fund solid waste programs in Clark County. In general, collection and disposal services are funded by user fees. Education, administration and other solid waste services are funded through fees on garbage collection and disposal. Garbage disposal fees also fund household hazardous waste collection and disposal. Grant funds come from state taxes on materials, which often end up needing special solid waste handling. Cities collect fees on garbage collection and use the revenues to fund clean-ups and other activities.

Clark County Solid Waste Program Funding

The Clark County solid waste program was created in 1984. From 1984 until 1989 solid waste programs, including a major landfill siting effort, were funded on borrowed money, which is being repaid through the County's Disposal Contract Administrative Fee. During 1990-91 a tip fee surcharge was collected at the Leichner landfill to pay for regional solid waste programs. After the closure of the Leichner landfill in 1991, it was the decision of Clark County to contract with private sector service providers to construct, operate, and finance solid waste handling facilities. The West Van Materials Recovery Center and Central Transfer and Recycling transfer stations were privately financed by Columbia Resource Company (CRC). Both capital and operating costs are recovered through tip fees, which are fees charged at the transfer stations for drop-off of waste. With Clark County oversight, the tip fees are set to recover all costs for past capital charges, current operations, and future closure of the facility.

The County Solid Waste Fund is an enterprise fund. All solid waste revenues remain in the fund, and no property tax fund dollars are used for solid waste programs. The two main revenue sources for the County Solid Waste Fund are the County Administrative Fee on garbage disposal and state grants. Minor revenue sources include recycling fees, sales of recyclable materials, and interest. Tables 17-3 and 17-4 show projected revenues and expenditures through 2005.

1. Disposal Contract Administrative Fees

Beginning in 1999 the county moved from a tip fee surcharge to a monthly administrative fee, paid by the transfer station owner/operator, to generate revenue for regional solid waste programs. This funding structure is in place until the contract for Solid Waste Recycling, Transfer, Transport and Out-of-County Disposal expires in December 31, 2011 or is amended. The County receives an administrative fee of \$100,000 per month (\$1.2 million per year). The Disposal Contract includes provisions for CPI adjustments. In addition, the County will receive \$10 per-ton on incremental tons if the transfer stations receive more than specified number of tons each year. This tonnage's would represent a significant increase over current and expected County-generated tonnages. For example, 1998's tonnage was 220,000. If 1999's tonnage had exceeded 307,000, the \$10/ton fee would be applied on the excess tons. (Note: this did not occur.)

**Table 17-1
Funding Sources For Solid Waste Activities in Clark County**

Activity	Funding	Source	Oversight
Collection of mixed municipal solid waste	Collection fees (garbage bills)	Collection customers	WUTC, Cities
Transfer, transport & disposal; Material recovery from MSW; HHW facility operation	Tip fees	Included in collection fees; collected at transfer station from self-haulers	County/City contract
Processing of recyclable materials	Processor (CRC)	Sale of materials	County contract
Collection of recyclables, yard debris	Collection fees (recycling bills, yard debris bills)	Collection customers	County & cities
Recycling drop-off sites	Private collectors	Sale of materials	
HHW transport & disposal HHW collection events	County Solid Waste Fund	County Admin Fee & state grants (LTCA*)	County
Education programs; technical assistance; program development for waste & MRW reduction, prevention, handling	County Solid Waste Fund	County Admin Fee & state grants (LTCA*)	County; cities through SWM Plan
Regional solid waste planning, coordination and system administration	County Solid Waste Fund	County Admin Fee & state grants (LTCA*)	County; cities through SWM Plan
Special wastes handling	Private handlers	User fees	SWHD
Litter clean-up	Ecology Cities, businesses and organizations	WRR&MLC ** City funds, contributions	County contract Local arrangements
Local clean-up events	City funds	City franchise fees	Cities
SW Handling facility siting, permitting, monitoring	Permit fees	Facility operators or proponent	SWHD
Leichner Landfill post-closure maintenance & monitoring	FARF, a trust fund***	Fee on disposal at Leichner Landfill, 1990-91	County

*LTCA=Local Toxics Control Account, funded from a state tax on production of hazardous materials

WRR&MLC = Waste Reduction, Recycling and Model Litter Control Fund, from a state tax on fast-food containers, etc. * FARF = Financial Assurance Reserve Fund

Table 17-2	
Solid Waste Revenue Sources & Expenditures (1/00)	
Agency	Funding
Clark County, WA	Administrative fee on garbage and state grants fund regional programs. Recycling fees fund collection contract management.
City of Battle Ground	A 10% tax on garbage collection supports the city's general fund.
City of Camas	Residential garbage collection fees pay for collection services, billing and clean-ups. 5% franchise fee on commercial garbage collection goes to city general fund.
City of La Center	No solid waste revenues. Clean-ups are funded from Reserve Fund.
City of Ridgefield	Garbage collection franchise fee of 10% is built into contractor costs, is paid quarterly, and supports the city's general fund.
City of Vancouver	City fee on garbage collection funds solid waste administration, education, clean-ups, leaf collection and debt service; 37% of the franchise fee revenue goes to general fund.
City of Washougal	15% tax on garbage collection, which funds solid waste billing, administration, and spring clean-ups, through the city's general fund.
Town of Yacolt	No solid waste revenues. Clean-ups are funded by general fund.
WA Department of Revenue	A 3.6% tax on garbage collection goes to the public works trust fund, which finances capital projects.
SW WA Health District	Solid Waste Handling Permit fees and state grants fund facility inspections, complaint response, and enforcement activities.
WA Utilities & Transportation Commission	0.5% franchise fee on garbage collection in unincorporated County, Battle Ground, La Center & Yacolt funds WUTC administration.

The Disposal Contract Administrative Fee revenue funds the majority of the County's regional solid waste programs including education, technical assistance, planning and administration, regional coordination and household hazardous waste disposal.

2. Recycling Contract Administrative Fees

Beginning January 1999 the county implemented a 1994 Plan recommendation calling for funding of recycling programs from user fees. The County currently assesses a recycling contract administrative fee of \$0.20 per household per month for single-family and multifamily residences within the unincorporated Urban Service Areas. The fees are collected by the recycling collection contractor as part of the collection rate and are submitted to the County. With 34,265 single-family households and 7,103 multi-family households, the estimated Recycling Contract Administrative Fee revenues for 2000 are approximately \$91,000. These fees cover the county's costs of administering the contracts. They are not assessed in the rural areas, where households pay more for the service, due to costs related primarily to long driving distances between customers.

3. Grants

The County solid waste fund receives approximately 20 percent of its revenues from Washington State Department of Ecology's Coordinated Prevention Grants (CPG) program. This grant program is funded through the Local Toxics Control Account (see Legislation, above). Funded programs must be in compliance with the County's Comprehensive Solid Waste Management Plan.

CPG program funds are allocated every two years, based on a county allotment and a per capita allotment. For 2000-2001 there is approximately \$660,000 available to Clark County through CPG funds. Counties must submit satisfactory applications that meet eligibility requirements and priorities identified in their approved solid and hazardous waste management plans. In addition, local governments must provide matching funds. Clark County is required to provide a 40 percent match. For the 2000-2001 CPG funding period the match is \$440,000, which comes from the County's Solid Waste Fund, supported by the Administrative Fee on disposal.

The County also receives Community Litter Cleanup Program funds from the Waste Reduction, Recycling and Model Litter Fund (see Legislation, above). These funds which require no matching funds, are used to finance litter cleanup programs in the County and cities.

In addition, the Model Toxics Control Act provides for a Public Participation Grant (PPG) program. This program provides grants from \$1,000 to \$60,000 to groups of three or more unrelated individuals or not-for-profit public interest organizations, with no requirement for matching funds. A PPG currently funds the Clark County Citizens' Hazardous Waste Task Force. Government agencies, businesses and universities are not eligible for these funds.

In the past, Ecology has provided other funding sources: Referenda 26/39 funding for waste reduction and recycling capital grants ended as of June 30, 1997; other fund sources such as the Tire Account, Hazardous Waste Assistance Account and the Solid Waste Management Account are also no longer available.

4. Interest

The Solid Waste Program Fund 4014 is an enterprise fund. Budgeted money that is not spent in a given year and interest earnings on the fund balance remain with the fund.

5. Miscellaneous Revenue

The miscellaneous category includes two main sources of revenue, sale of recyclable materials, and sale of merchandise. Under contract agreements with Columbia Resource Company, the recyclable materials received through the County and City of Vancouver single-family and multi-family curbside recycling collection programs are marketed. The revenue generated, less a \$30 per ton processing fee, is forwarded to the County and City of Vancouver, based on the number of tons collected in each jurisdiction.

Under the County's Recycling Collection Contracts, the collection contractor receives all or a portion of the revenues from sale of materials, depending on the value of the

materials sold. When the revenue received (after the processing fee) is less than \$15 per ton, the entire amount is paid to the collection contractor. When it is higher than \$15 per ton, the County shares in the revenues, which help support education programs. Under the City of Vancouver's Recycling Collection Contract, the collection company is paid \$20 per ton for recyclables collected from single-family households, and \$10 per ton for recyclables collected from multi-family households.

The Master Composter/Recycler program sells compost products to the public including compost bins, compost cages, compost books and red worms. The revenue is collected by Washington State University Cooperative Extension and deposited into Clark County Solid Waste fund. These sales revenues amount to \$3,000 to \$5,000 annually.

Table 17-3 Projected Revenue – Clark County Solid Waste Fund							
Revenue Source	1999	2000	2001	2002	2003	2004	2005
Disposal Contract Fees	\$1,200,000	\$1,200,000	\$1,224,000	\$1,248,480	\$1,273,450	\$1,298,919	\$1,324,897
Recycling Contract Fees	\$79,000	\$79,000	\$79,000	\$79,000	\$79,000	\$79,000	\$79,000
Grants	\$330,000	\$330,000	\$330,000	\$330,000	\$330,000	\$330,000	\$330,000
Interest	\$121,000	\$121,000	\$121,000	\$121,000	\$121,000	\$121,000	\$121,000
Miscellaneous	\$6,675	\$8,661	\$8,661	\$8,661	\$8,661	\$8,661	\$8,661
Totals	\$1,736,675	1,738,661	1,762,661	1,787,141	1,812,111	1,837,580	1,863,558

Table 17-4 Projected Expenditures – Clark County Solid Waste Fund							
Expenditures	1999	2000	2001	2002	2003	2004	2005
Public Education	\$378,000	\$378,000	\$385,754	\$393,663	\$401,730	\$409,958	\$418,351
Business and Institutional Assistance	\$343,650	\$343,650	\$350,699	\$357,889	\$365,224	\$372,704	\$380,334
Regional Coordination and Planning	\$212,350	\$212,350	\$216,706	\$221,149	\$225,681	\$230,303	\$235,018
Disposal and Diversion System	\$236,000	\$236,000	\$240,841	\$245,779	\$250,816	\$255,953	\$261,193
Debt Service	\$236,675	\$235,275	\$238,675	\$236,675	\$239,295	\$236,220	\$237,738
Hazardous Waste Transport/Disposal	\$330,000	\$333,386	\$329,986	\$331,986	\$329,366	\$332,441	\$330,923
Totals	\$1,736,675	1,738,661	\$1,762,661	\$1,787,141	\$1,812,111	\$1,837,580	\$1,863,558

Leichner Landfill Financial Assurance Reserve Fund (FARF)

Clark County has a continuing financial responsibility for monitoring and maintaining the closed Leichner landfill. Through various agreements with the County, the City of Vancouver, Leichner Landfill, Washington Utilities and Transportation Commission and the WA Department of Ecology, the County manages and administers the financial affairs associated with closure and post-closure cost of the Leichner Landfill. Maintenance activities are performed by Leichner and private consultants approved by the county. Maintenance and operation costs will be approximately \$500,000 in the year 2000. The funding comes from the interest earnings from the Financial Assurance Reserve Fund (FARF). The fund, which was funded by ratepayer contributions, currently has a balance estimated at \$8.6 million.

City Revenues and Expenditures

Vancouver's City Council sets collection rates for garbage, recycling and yard debris within the City. The rate formulas include collection costs, disposal fees and City fees, which garbage collection contractors pay on a monthly or annual basis. Recycling collection is funded through the customer fees plus a portion of revenues received from the sale of recyclable materials. The City franchise fees are used for 1) the Solid Waste Services Program (48%); 2) Debt Service for revenue bonds used to acquire solid waste service rights in the Van Mall and Minnehaha annexation in 1995 (15%); and 3) General Fund support (37%). The Solid Waste Services Programs include customer service staff, contract management, regulatory and enforcement activities, solid waste and recycling education, public information, city-wide clean-up programs, leaf collection, the neighborhood recycling competition, and solid waste program administration. Total solid waste revenues and expenditures for 2000 are projected to be \$2.5 million.

Camas is the only Clark County City, which operates its own residential garbage collection service, and thus receives user fees for the service. Both Camas and Washougal handle solid waste billing, and in both of these cities, the solid waste fund is an enterprise fund. Battle Ground, Camas, Ridgefield and Washougal City general funds all receive revenues from taxes or franchise fees on garbage collection (see Table 17-2). Yacolt and La Center have no solid waste revenues.

Southwest Washington Health District Solid Waste Revenues and Expenditures

The Southwest Washington Health District (SWHD) receives annual permit fees of approximately \$60,000 from facilities in Clark County, including approximately \$11,000 from the two County-contracted transfer stations. Increases are proposed for 2001 fees. These fees fund inspections, permit request reviews, and related activities. SWHD also receives approximately \$75,000 per year in Coordinated Prevention Grant (CPG) funds from the Washington Department of Ecology, for solid waste enforcement activities. Until 1997, SWHD received a significant portion of the County's allocated CPG funding, in order to plan and carry out Moderate Risk Waste programs. These programs are now carried out as part of the County Solid Waste Program (see above).

State agency Solid Waste Revenues and Expenditures

The Washington Utilities and Transportation Commission collects a .5% franchise fee which is included in garbage collection rates in unincorporated Clark County, Battle Ground, La Center and Yacolt. The revenues help support WUTC administration, including a customer service telephone line, rate review and occasional enforcement activities related to non-licensed garbage hauling. Revenues from Clark County garbage hauler (Waste Connections) operations in the above jurisdictions for 2000 are estimated at \$60,000. The Washington Department of Revenue collects a 3.6% tax on garbage collection throughout the County, including within cities, which generates an estimated \$603,000 in 2000 from Clark County residents and businesses. This revenue funds Public Works Trust Fund projects, which are loans to local governments for capital projects, primarily sewage treatment plants.

Needs and Opportunities

Under the County's contract for Transfer, Transport and Disposal, additional revenues could be generated in the County's Administrative Fee if the amount of out-of-county waste coming to the transfer stations increased significantly.

Grant funds appear to be reliable, in that they are funded by legislatively set taxes. A decision by Ecology to change how or to what they are allocated could have a major impact. The County needs to continue to participate in grant program reviews and state policy-setting opportunities, including the State Solid Waste Advisory Committee.

Additional funding for regulatory compliance education for small quantity generators of commercial hazardous waste would assist prevention activities, which are far less costly than clean up.

After a careful review of options for handling Moderate Risk Waste, as described in Chapter 11, additional funds may be needed to implement the resulting recommendations.

Additional funding of enforcement activities may be needed to fund implementation of the recommendations in the Enforcement Chapter of this Plan Update.

The County's debt service on general obligation bonds, which funded the solid waste program in the 1980's, is scheduled to be paid off by the end of 2008. This will provide an opportunity to allocate those funds to other priorities.

Possible future funding needs might include funds to purchase the transfer stations or to "buy out" of the disposal contract before 2011.

Alternatives

The following alternatives are recommended in the various chapters of the Plan.

Existing Funding sources:

1. *Continue to fund new and expanded waste reduction and recycling programs from existing funding structure.*

Currently, user fees fund collection programs. Education and administration are funded by two primary sources, 1) disposal fees and 2) grants, which are funded from state taxes on materials likely to generate a need for the programs. *Chapter 5 Education / Alternatives 4,5,6,7*

2. *Continue to rely on the private sector to fund and finance large capital improvement projects.*

Clark County has historically elected to allow private sector service providers to construct, operate, and finance solid waste handling facilities. For example, the CRC transfer stations were privately financed by CRC, with both capital and operating costs recovered through tipping or disposal fees. As the current transfer/disposal contracts move closer to their 2011 termination date, the County and cities will need to review options for the long-term future and assess funding alternatives. Depending on future decisions, the need could arise for additional funding sources for capital projects or to buy out the transfer stations. Possible funding mechanisms would include regulatory fines on improper disposal, advanced disposal fees, solid waste administration fees and others.

Chapter 8 Waste Transfer / Alternatives 1,2

Chapter 9 Landfill Disposal / Alternative 1

Future Funding Options:

3. *Investigate and pursue federal and state grants and loans.*

Chapters 11, 16, 4, 13, 3

4. *Explore funding options, as necessary, to ensure that funding of required solid waste, waste prevention and recycling roles continues. Such options include collection and disposal districts, new revenue-generating authorities and contract revisions for disposal and collection services.*

Chapter 3 Administration / Alternative 14

5. *Continue to evaluate the need for disposal fee surcharges, if necessary, to fund solid waste management programs, including facility closure and postclosure activities.*

Chapter 4 Waste Prevention / Alternative 5

Chapter 8 Waste Transfer / Alternative 1

Potential Funding needs:

6. *Develop a long-term funding source to fund MRW programs. Consider both advanced disposal fees and disposal fees at collection sites.*

Currently MRW prevention and disposal programs are funded from the County Solid Waste Fund. Existing revenue sources are not adequate to cover expansions to the MRW programs. Expansions could be determined to be needed, in the study recommended in Chapter 11.

Chapter 11 MRW / Alternatives P and T

7. *Specify funding source to be earmarked for compliance and enforcement activities.*

These activities need additional funding.

Chapter 16 Enforcement / Alternatives 7 and 13

Potential Sources of Additional Revenue

The following information describes potential revenue sources, some of which are currently in use in Clark County. The text comes from the 1994 Solid Waste Management Plan. The impact of Voter Initiative 695 has not yet been determined.

1. **Capital improvement financing** could be used by local governments or private service providers to develop large solid waste handling facilities, such as a central composting facility or a new county transfer station. A variety of options exist:

Internal Financing - Internal financing with cash reserves is generally the least expensive method of capital improvement financing because it avoids interest costs, bond issuance fees, legal fees, and administrative overhead often required by other financing methods. Unlike debt financing, internal financing is not restricted in the use of the funds or the time when the proceeds must be expended. The County, cities, and private sector could use available cash reserves to finance both capital projects that have no direct revenue-producing functions (such as a landfill closure or remediation) and low-cost capital projects.

General obligation (GO) bonds - could be issued by local governments to finance capital improvement projects. GO bonds pledge the full faith and credit of the issuing local government jurisdiction that the debt service payments on the bonds will be made to the lenders or bondholders. Under this method of financing, a solid waste enterprise fund that may already or could be established by the local government would actually pay the debt service. In case of default, the local government would ultimately be responsible to the bondholders.

The State of Washington establishes the maximum limit of GO debt that municipalities may have outstanding at any time. There are two forms of GO bonds: nonvoted and voted.

Nonvoted General Obligation Bonds. Also referred to as "councilmanic GO bonds," these may be issued without a vote of the constituents. Councilmanic GO debt is limited by state law to three-fourths of 1 percent of the total assessed property valuation within the government jurisdiction. The total assessed property value in Clark County in 1992 was \$9.9 billion. At this level, the County, with approval of the cities, could issue about \$74 million of additional councilmanic, or nonvoted debt.

Voted General Obligation Bonds. These bonds require a vote by residents of the government jurisdiction and may be issued to a maximum limit of 2.5 percent of the total property valuation, or \$248 million for Clark County. However, statutory debt ceilings are not the only consideration in the issuance of such bonds. The local government must also be concerned with the programmatic impacts of using a large portion or its full debt capacity on one particular fund or project.

Submitting a GO bond issuance for solid waste system financing to a vote by the residents of the government jurisdiction is generally time-consuming and the outcome is highly uncertain. Such bond proposals have a poor history of gaining approval and are subject to defeat for a variety of reasons, often unrelated to their merits or to voter perceptions of system needs. It is for these reasons that alternative methods of capital improvement financing, such as revenue bonds, are often preferable.

Revenue bonds pledge the revenues of an enterprise activity of a local government, such as a solid waste enterprise fund, against the debt service on the issued bonds. These bonds do not require approval of the voters because they depend on the continuance of revenues from the enterprise activity rather than on the full faith and credit of the local government.

Because enterprise activity revenues are generally considered to be less secure collateral than the general taxing powers of the government jurisdiction, revenue bonds carry a somewhat higher interest rate than GO bonds. Revenue bonds also require an excess of revenues above operating expenses and debt service, called a coverage margin, that provides an added assurance to the bondholders that debt service will be met. Typically, coverage is 1.25 to 1.50 times the debt service. In other words, in addition to paying for all operating expenses, the borrower is legally obligated to the bond holders to collect from the ratepayers of the issuing entity 25 to 50 percent more than the amount of principal and interest due on the bonds. Finally, revenue bond covenants usually require an entity to set up a bond reserve that is sufficient to pay 1 year's debt service. Thus, because of the combination of higher interest rates, coverage requirements, and bond reserves, the cost of a revenue bond issue is somewhat higher than that of nonvoted GO bonds.

The use of revenue bond financing for developing large solid waste handling facilities would place a high priority on a guaranteed or controlled waste stream because the collateral for these bonds comes solely from the revenue of the solid waste enterprise fund. This type of financing would probably require that participating municipalities execute interlocal agreements committing their waste streams to the project for a period that meets or exceeds the term of the bond issue. In addition, the local governments would need to adopt waste flow control ordinances to ensure that wastes are directed to the designated facility (or facilities).

Industrial Development Bonds - Local governments could consider industrial development bonds (IDBs) when entering into joint venture arrangements with private sector enterprises. These business arrangements could result in the financing of part of the capital costs of the handling facility (or facilities) with tax-exempt IDBs. These bonds would have to compete with other projects in the state for a portion of the allocation under the statewide cap for such bonds.

Grant Funding - The County, cities, and private sector providers need to aggressively pursue all avenues for grant funding for each project they undertake.

Private Financing - Privately owned facilities are most often privately financed and the costs are recovered through user fees.

2. Rate Structures are available to the County, cities, and private service providers to collect the funds necessary to pay for solid waste services in Clark County. The term "rate structure" is usually used in connection with user charges. For the purposes of the Plan, the term is applied in a more general sense to include all revenue collection mechanisms, including user charges, taxes, and other levies.

User Charges - The two basic user charge alternatives are tipping fees and solid waste collection charges. Tipping fees or disposal fees are charges collected at transfer facilities and at the disposal sites by the operator of the facility or the jurisdictional local

government. Solid waste collection fees are charges assessed to solid waste generators for collection of refuse and recyclables.

Tipping fees - are a common means of collecting revenues for solid waste handling services. These fees, which typically are either volume or weight based, are charges assessed at the point of waste receipt. Fees collected at the facility typically are set to recover all costs for past capital charges, current operations, and future closure of the facility. Additional surcharges can be applied to the tipping fee to generate revenue for other solid waste handling activities, local government planning and administrative expenses. If the receiving facility is privately owned, the tipping fee is often set through a contract with the appropriate jurisdictional authority. Oversight services provided by the jurisdiction are often paid either by a service charge added to the tipping fee or through general fund revenues.

Tipping fees provide the most direct means of charging users for solid waste services. However, because users are directly charged for the waste they dispose, more illegal dumping of waste may occur than with more "hidden" forms of revenue collection such as taxes. Tipping fees also better account for and respond to seasonal and economic fluctuations affecting waste generation.

Solid waste collection fees - are the rates paid by generators for collection services. These fees are billed to the generator either directly by the private refuse collector or by the local government. The collection fee usually covers all costs of solid waste management, including collection, transfer, administration, and disposal. These fees represent the total costs to generators for the proper management of the solid wastes. In Clark County, collection fees for MMSW collected by WUTC-regulated and -certificated private collection companies are described in Chapter 6 (Waste Collection).

3. Taxes, with the exception of property tax assessments, are not widely used to recover the costs of solid waste management services. When used, taxes are typically applied to single commodities or groups of products that are either difficult or hazardous to dispose.

Taxes related to solid waste management have the potential to generate substantial revenue. However, consideration must be given to the ease of implementing and administering the tax, the possibility of leakage or tax noncompliance, and the extent of public support for the tax. Consideration must also be given to various legal constraints that affect state and local options in levying solid-waste-related taxes. Federal restrictions on taxes include a prohibition of taxes that might impede interstate commerce. Certain taxes that the County might desire to implement could require the enactment of a municipal ordinance, a vote by County or city residents, or the passage of enabling state legislation.

General taxes that might be used by the County and cities to address their solid waste revenue collection needs include property taxes, sales taxes, single-item taxes, and litter taxes.

Property Taxes - Some jurisdictions continue to pay for solid waste services through their general funds. A solid waste system based on the general fund relies on property taxes to fund its capital and operating expenses. In these systems, solid waste generators may not be aware of the costs of solid waste handling and management.

General sales taxes - on goods and services have advantages and disadvantages similar to those of property taxes. One additional advantage of sales taxes is their ability to address recent trends toward increases in convenience packaging. Hence, sales taxes may work as an incentive for waste reduction. Sales taxes are especially attractive in areas with seasonal recreation and tourist activity because tax revenue from purchases of goods and services help pay for disposing of the solid wastes that tourists generate.

However, there are few, if any, examples of jurisdictions that fund their solid waste activities through sales taxes. The main reason is that sales taxes can be difficult to implement and administer, both for the levying jurisdiction and for local businesses. In many states, sales taxes may be legally levied only at the state level. In Washington, counties and cities do have the statutory authority to levy a sales tax, but implementation or modification of the tax rate requires an affirmative vote by residents.

A sales tax levied solely within Clark County might also induce some residents to purchase goods from outside the County; the result would be under-collection of revenues or leakages. In particular, residents of Clark County could shop in Oregon because there is currently no sales tax in that state.

Single-Item Taxes (Advanced Disposal Fees) - Single-item taxes are sales taxes levied on individual products. The taxes are usually levied on products that are difficult to dispose (e.g., tires or batteries) or that constitute a significant portion of the waste stream (e.g., packaging).

Single-item taxes currently in use in various parts of the United States include:

- Tires
- Beverage containers
- Motor oil and other petroleum products
- Antifreeze and other chemicals
- Appliances
- Car batteries
- Disposable diapers
- Nonrecyclable newsprint

Single-item taxes can result in significant revenues even with a relatively low tax rate because of the large volumes of certain products (e.g., disposable diapers). Another advantage of single-item taxes is that consumers can be encouraged to explore environmentally sound alternatives such as products that can be more easily recycled. In addition, purchasers of these products pay costs more reflective of the true costs of handling and disposal for the products.

The revenue stream from single-item taxes may be irregular and difficult to forecast. In addition, the taxes may be difficult to administer because of the wide variety and quantities of product types and materials used. Collection costs and leakages can also be high.

Litter taxes - are sales taxes assessed on a broad base of products rather than on a specific item. Litter tax statutes generally apply to broad categories of consumer products that create litter. Litter taxes are less common than single-item taxes and are typically levied at the state level. They share the basic strengths and weaknesses of sales taxes.

Although the revenues from litter taxes are typically used to fund litter collection and recycling programs, it should be possible to use this form of taxation to partially finance other expenditures related to solid waste management. Litter taxes are somewhat difficult to implement because retailers need to be informed about which items are taxable and must then adjust their accounting methods to accommodate the tax. Once the tax is established, this concern becomes less of a problem.

Litter taxes may be applied at one or more levels of the distribution system (e.g., manufacturing, wholesale, or retail) and are typically applied on a price percentage basis. A disadvantage of this type of basis is that the tax bears no relationship to the quantity of waste generated. For example, the tax on a small box of goods could be greater than the tax on a large box of a different product, even though the smaller box contributes less to the waste stream.

Recommendations from Other Plan Chapters

- 1. Continue to fund new and expanded waste reduction and recycling programs from existing funding structure.*
- 2. Continue to rely on the private sector to fund and finance large capital improvement projects.*
- 3. Investigate and pursue federal and state grants and loans.*
- 4. Explore funding options, as necessary, to ensure that funding of required solid waste, waste prevention and recycling roles continues.*
- 5. Develop a long-term funding source to fund MRW programs, after analyzing the results of the recommended MRW study. Consider both advanced disposal fees and disposal fees at collection sites.*
- 6. Specify funding sources to be earmarked for compliance and enforcement activities.*